

ALABAMA · GAS UTILITIES · CAPITAL BRIEFING

In Alabama, most of the gas system runs on legacy steel — and your capital plan decides what gets replaced first.

Alabama's roughly 874,000 gas customers are split across two Spire utilities under PSC rate regulation and an unusually deep bench of municipal systems and gas districts. Aging bare-steel main, RSE reset cycles, and winter price swings all compete for the same dollars. Invizion helps gas utilities re-sequence a capital portfolio in a click — and defend every decision.

~873,900¹ Natural gas customers across Alabama in 2024 — about 799,000 of them residential.	400,000+² Customers on Spire Alabama, the state's largest gas distribution utility.	\$11.2B³ Spire's 10-year capital investment plan through fiscal 2035 — Alabama is a core piece.	~340,000¹ Alabama gas customers — roughly 4 in 10 — served by municipal systems, gas districts and cooperatives outside PSC rate jurisdiction (derived from EIA totals and Spire's regulated counts).
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THE ALABAMA LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none waits for your next budget cycle. Together they mean the capital plan you approved last year may already be the wrong plan.

INTEGRITY — AGING PIPE & SAFETY

Legacy steel main, replaced on a safety clock

PHMSA maintains state-by-state inventories of high-risk legacy pipe — cast iron and unprotected bare steel — that distribution operators are under sustained pressure to find and replace under federal distribution-integrity rules.⁴ In Alabama the leak-prone inventory skews toward older steel rather than cast iron, and every mile carries a replacement cost that has to be sequenced against everything else.

The scale is real: Spire operates more than 60,000 miles of mains and services across its utilities² and a single Alabama gas district — Southeast Gas — runs over 1,700 miles of distribution main and 575 miles of transmission on its own.⁵

DECARBONIZATION — LONG-HORIZON RISK

No gas ban here — but the throughput math still shifts

Alabama has no statewide building-electrification mandate, gas-ban, or active “future of gas” docket; the Public Service Commission regulates only two investor-owned gas utilities and state policy remains gas-supportive.⁶ Spire’s renewable-natural-gas and decarbonization pilots to date sit in Missouri, not Alabama.⁷

The pressure is quieter but real: efficiency gains, heat-pump competition, and capital-market scrutiny all bear on long-run residential throughput. A 20- to 30-year replacement program is a bet on demand two and three decades out — which is exactly the horizon where a plan needs to flex.

SUPPLY — PRICE & RELIABILITY

Winter peaks and a volatile commodity

Alabama’s residential gas price ran to about \$20.10 per thousand cubic feet in 2023 before easing to roughly \$18.63 in 2024 — a reminder of how fast the commodity swings.⁸ That volatility flows straight to customer bills and, through cost-recovery clauses, into the affordability conversation around every capital dollar.

Supply leans on interstate pipelines: Southern Natural Gas, headquartered in Birmingham, is a principal transporter into Alabama across roughly 6,900 miles of system.⁹ Design-day and winter-peaking obligations keep reliability investment on the list alongside replacement.

CAPITAL RECOVERY — RSE & RATES

RSE recovers capital — but it resets, and bills are watched

Spire Alabama and Spire Gulf recover investment through Rate Stabilization and Equalization (RSE), an APSC-administered mechanism that adjusts rates annually rather than through episodic rate cases; the prior RSE orders ran through September 30, 2025, with new Alabama rates then taking effect.²³

RSE rewards steady, well-documented capital deployment — but it also puts your spend in front of the Commission every year against an affordability backdrop.⁸ The stronger your case for each project’s timing and cost, the smoother the recovery.

WHO RUNS ALABAMA'S GAS SYSTEM

Two investor-owned Spire utilities — and a wide field of municipal systems

Alabama is distinctive: only two gas utilities answer to the PSC, while a large share of customers are served by municipally owned systems and gas districts that set their own rates. The integrity and capital pressures are shared; the accountability path differs.

Investor-owned utilities

Rates & capital recovery regulated by the APSC via RSE

Spire Alabama Inc. 400,000+ customers · central & northern
(formerly Alabama incl. Birmingham & Montgomery ·
Alagasco) largest LDC in the state²

Spire Gulf Inc. ~100,000 customers · Mobile, Alabama area
(formerly Mobile
Gas) ²

Spire Inc. (NYSE: SR) St. Louis-based parent · ~1.7M customers
across MO, AL & MS · \$11.2B 10-yr capital
plan¹⁰³

Spire Alabama traces to Alagasco, which at peak served about 460,000 homes and businesses; Energen sold it to the Laclede Group in 2014, and it took the Spire name in 2017.¹¹ Spire has since been divesting non-core operations — including the sale of its Mississippi gas business to Delta Utilities for \$75 million — to concentrate capital on its core utilities in Missouri and Alabama.¹²

Municipal systems, gas districts & cooperatives

Governed by boards & member cities, not APSC rates

Southeast Gas 32,000+ customers · 36 communities, 14
(Southeast member cities · 1,700+ mi main · one of the
Alabama Gas largest municipally owned gas networks in
District) the U.S.⁵

Municipal gas Dozens of city systems and districts serve
systems & gas much of Alabama — non-jurisdictional to
districts statewide the PSC⁶

Part of a national The APGA counts 730+ community-owned
public-gas footprint gas systems across 38 states; Alabama is
among the deepest¹³

By EIA and Spire figures, roughly 340,000 Alabama gas customers — about 4 in 10 — are served outside PSC rate regulation.¹²

Every capital dollar has to be defensible

Whether you answer to the Commission or a member-city board, the question is the same: why this project, why now, why at this cost?

Alabama Public Service Commission (APSC) regulates the state's investor-owned gas distribution, transportation and storage — namely Spire Alabama and Spire Gulf — and has no jurisdiction over municipal systems, gas districts, cooperatives or propane⁶

Rate Stabilization and Equalization (RSE) is the APSC mechanism that sets rates for Spire Alabama and Spire Gulf, adjusting annually to recover prudent investment rather than through periodic general rate cases²

RSE reset cycle: the prior RSE orders ran through September 30, 2025, with new Alabama rates then taking effect — so the recovery framework is periodically re-benchmarked, not fixed²³

Municipal & district governance: systems like Southeast Gas set rates through boards and member cities — capital decisions made in front of the customers who own the systems⁵

How the money actually moves in Alabama

Unlike some states, Alabama's gas capital story is driven less by large federal grants and more by surcharge-style rate recovery and utility balance sheets. The constraint is sequencing: which projects, in which order, recovered how.

Spire's \$11.2B 10-year capital plan (through fiscal 2035), with about \$797 million of capital expenditure planned for fiscal 2026 — the bulk aimed at gas-utility infrastructure, Alabama included³

RSE-based recovery is the primary path for investor-owned capital: rather than chasing grants, Spire Alabama and Spire Gulf recover prudent investment through annual RSE adjustments before the APSC.²⁶

Integrity-driven replacement of legacy bare-steel and cast-iron main is a standing federal expectation under PHMSA distribution-integrity rules — a multi-decade capital commitment that competes directly with growth and reliability spend⁴

Municipal & district self-funding: the 730+ community-owned systems nationally — Alabama prominent among them — typically fund capital through revenue, reserves and municipal debt rather than PSC rate mechanisms¹³

ALABAMA'S GAS SYSTEM, IN BRIEF

Questions Alabama gas utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

How many natural gas customers does Alabama have, and who serves them?

About 873,900 in 2024, roughly 799,000 residential. Spire Alabama (400,000+) and Spire Gulf (~100,000) are the two PSC-regulated utilities; the rest — roughly 4 in 10 — are served by municipal systems, gas districts and cooperatives¹²

What is RSE and how does it affect capital recovery?

Rate Stabilization and Equalization is the APSC mechanism that sets rates for Spire Alabama and Spire Gulf, adjusting annually to recover prudent investment instead of through periodic general rate cases. The prior orders ran through September 30, 2025, with new rates then taking effect²³

Why does Alabama have so many municipal gas systems?

Alabama built out a wide network of city-owned systems and multi-city gas districts — Southeast Gas alone serves 36 communities and is one of the largest municipally owned gas networks in the country. These systems are non-jurisdictional to the PSC and set their own rates⁵⁶

Is Alabama pushing to electrify buildings or restrict gas?

No. Alabama has no statewide building-electrification mandate or gas-ban and no active “future of gas” docket; policy remains gas-supportive, and Spire's RNG pilots are in Missouri, not Alabama. The longer-run risk is throughput and affordability, not a near-term mandate⁶⁷

How exposed is Alabama to gas price volatility?

Meaningfully. Alabama's residential price reached about \$20.10 per thousand cubic feet in 2023 before easing to roughly \$18.63 in 2024, and supply depends on interstate pipelines such as Birmingham-based Southern Natural Gas⁸⁹

How does Invizion help Alabama gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how an RSE reset, an accelerated bare-steel replacement program, or a winter cost spike reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every decision for the APSC or your board.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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10. Spire — About Spire (~1.7 million customers across Missouri, Mississippi and Alabama; Alabama service in central/northern Alabama and the Mobile area). www.spireenergy.com
11. Alabama Gas Corporation (Alagasco) — history (peak ~460,000 homes/businesses; Energen sold to the Laclede Group in 2014; rebranded Spire in 2017), via Wikipedia. en.wikipedia.org
12. Spire Inc. — sale of its Mississippi natural gas business to Delta Utilities for \$75 million (part of a divestiture program refocusing capital on core gas utilities in Missouri and Alabama), via StockTitan. www.stocktitan.net
13. American Public Gas Association (APGA) — 730+ community-owned public gas systems across 38 states. www.apga.org

ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

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